

LUMBERTON
INDEPENDENT SCHOOL DISTRICT



Activity Funds
Handbook

Fiscal Year
2024-25

Fundraising Procedures Manual

The Board of Trustees and administration of Lumberton Independent School District are charged with the responsibility of supervising the financial affairs of the district. Procedures have been developed to help safeguard all funds and to ensure that the district's financial activities are maintained with high standards and comply with federal and state laws and regulations.

In those regards, the Business and Financial Services Departments of the district are charged with providing:

1. A centralized, standard accounting system in accordance with the prescribed regulations from TEA and local policies set by the Board of Trustees;
2. Control over revenues and the disbursement of funds as prescribed by law and Board policies;
3. Appropriate financial records and reports as required by regulations and policies; and
4. Safekeeping of district assets.

The purpose of this manual is to provide employees of the district with guidelines for proper accounting procedures for collecting and expending funds belonging to the district, campus, and students. Principals, secretaries, coaches and sponsors are encouraged to become well acquainted with this manual and to utilize it as the official guide. Questions regarding these procedures should be directed to the Business Office.

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Activity Funds

Activity funds are used to account for district, campus and student funds generated from fundraisers. These funds are to be used to promote the general welfare of the school and the educational development and morale of all students. All funds collected by school district personnel from students are defined as activity funds and must be handled through the activity funds accounts. These funds are held in trust by the district and are used to promote the general welfare of the school and educational development and morale of all students.

Most school districts manage activity funds in accordance with two board policies: CFD Legal and CFD Local. These policies address the fiduciary responsibility, use and expenditure, and other related topics regarding activity funds.

There are two (2) primary types of activity funds: Campus and Student Activity Funds. Generally, the source of the revenue determines the type of activity fund.

Campus Activity Funds

Campus Activity Funds are generally under the control of the campus principal. The revenue sources in this activity fund generally include vending machines, campus fundraisers, and commissions from school pictures, publications, or school stores. Funds are raised locally at the school or donated to the school and belong to the campus. This fund may also include sub-accounts for the library, grade level, or other groups not defined as a student club or organization.

The money must be expended to benefit the student body and have a public purpose in the realm of education. The sponsor or principal decides upon the use of the funds. Funds are deposited and disbursed in Fund 480 accounts. The campus principal must approve disbursements. All fundraisers, cash collection and disbursements are subject to LISD procedures and regulations. Campus activity funds are considered by TEA to be district general funds. The expenditure of these funds must comply with state law, school board policy and with district regulations.

Student Activity Funds

Student Activity Funds generally belong to a bona fide chapter such as student groups or organizations. These funds do not belong to the campus or the district; however, the district must act as a trustee of the funds. Hence, these funds are accounted for in a trust fund group and are deposited and disbursed in Fund 865 fund accounts.

According to the State Comptroller's Office, a bona fide chapter is a group that must be organized for some business or activity other than instruction or a participatory group. Essentially, any student group that is recognized by the school and is organized by electing officers (not just

participatory captains), holding meetings, and conducting business are bona fide chapters of the school.

The revenue sources of this fund typically include dues and fundraisers. All expenditures from this fund must be expended for the benefit of the students as approved by the students. The club or organization sponsor shall oversee the funds. The ultimate responsibility of this fund is also under the control of the campus principal.

Decisions about the expenditure of student activity funds are made by the students of the group with the assistance of a campus employee sponsor. The student group must be recognized by the school and have elected officers (not participatory captains). The group must hold meetings and take minutes. The minutes must be approved by the group and signed by the club president. Meeting minutes authorizing the disbursement must be attached to the request for payment and retained by the group sponsor. All fundraisers, cash collection and disbursements are subject to LISD procedures and regulations. The group should indicate its wish for the use of any funds left after the student group disbands.

Funds belonging to outside groups, such as the PTA, boosters club, or outside clubs, ARE NOT Activity Funds and ARE NOT to be the accounting responsibility of the school district. Although such groups and their activities are closely related to school functions or events, they should be handled by officers of the outside group itself, not by district employees.

Booster Clubs and Parent Organizations

Booster and parent organizations are composed of parents, community members, and/or staff volunteers coming together for the purpose of supporting specific school activities to benefit students, for example athletic teams, band, and musical groups. This type of organization is known as a school-connected organization.

The most common school-connected organization is Parent Teachers Association (PTA/PTSA). School-connected organizations are separate from the school districts with which they are associated. However, booster and parent organizations do not have free access to schools and their students. The Board of Trustees and administration have, and must maintain, exclusive control and management of its public school system.

A clear separation of responsibilities between the district and school-connected organizations should be maintained. School-connected organizations serve as auxiliaries to the school program and conduct activities and fundraising events involving the primary participation of parents and other adult community members.

Funds raised by school-connected organizations are used to support programs. The preferred method is to direct funds to the district for specific purposes, such as the purchase of specific items

of equipment or to provide financial assistance to students with need in relation to uniforms or trips.

Booster clubs, PTAs, and other associated groups may not use the district's tax exemption certificate or employer ID number. By law, these groups must obtain their own tax exemption status and employer ID number. Sponsors should never give these groups the district's ID number.

Additional guidance for Booster Clubs is available in the district's Parent Organization Handbook.

Responsibilities

Campus Principals have ultimate responsibility for the proper handling of activity funds on their campus, the correct accounting for these funds, and overall adherence to the procedures and guidelines set out in this handbook.

Campus Secretaries are responsible for following LISD procedures and guidelines in processing transactions. They may assist the sponsor with the entry of purchase orders or direct payment requests. They will also assist with the deposit of funds.

Club and Activity Sponsors are responsible for following the procedures and guidelines as set out in this handbook. Only certified personnel may be assigned as official sponsors of Activity Fund Accounts. Paraprofessionals may assist with the collections and preparation of various paperwork transactions for the accounts. Parents and students may help with activities and count money. However, the official sponsor (administrator, counselor, or teacher) should be cognizant of all the account activity and should sign off on all check requests and deposits.

LISD Business Services is responsible for maintaining and updating these procedures and guidelines for activity funds, providing training, processing requests for payments, and reviewing the activity of the funds to ensure adherence to procedures and guidelines.

Independent auditors will include activity funds in the annual independent audit of the district's financial records.

LISD Fundraising Parameters

Fundraisers provide resources for campuses and student groups that do not exist within budgeted allocations. However, when too many fundraisers are being conducted at the same time or over the course of a school year, results may be limited. In order to lessen the burden on the community

and to ensure fundraising activities are successful, the following parameters have been set for conducting fundraisers. These parameters apply to ALL fundraisers conducted by campuses and student groups.

- The campus should not have a fundraiser for the sole purpose of accumulating funds in their campus activity account. Fundraisers should be conducted to fund a specific purpose.
 - The proceeds raised must then be used for the specific cause/purpose. For example, if a car wash is held to fund a field trip then the funds should be used on the field trip.
- Students cannot be required to participate in fundraisers and cannot be required to raise a certain amount or sell a certain number of items. All money raised must be used to benefit all students of the group or school.
- A fundraiser cannot be held to underwrite the cost of supplies or materials for a curriculum function. Fundraising activities shall not interfere with the instructional program or time.
- Door-to-door sales are discouraged.
- The solicitation of money, goods and/or services from local businesses may be allowed only with campus administrative approval. Campus administration should be sensitive to the number of fundraising activities soliciting directly from local businesses.

Charitable Organizations

Fundraising activities may be organized to benefit a particular charity. The charity must be a qualified 501(c)(3) charity (approved by the IRS). Funds may NOT be raised for an individual student or family. The number of charities to be supported is limited to TWO per campus per school year.

Number of Fundraisers

During a school year (September 1 – August 31), campuses, school-sponsored clubs, and student organizations may have TWO fundraisers to raise funds for the campus, club or organization, and may support a MAXIMUM of TWO charities per CAMPUS. Fundraisers for charities are not included in the TWO-count maximum.

School-sponsored clubs and student organizations may conduct a MAXIMUM of TWO fundraisers per group per year. Club and organization fundraisers must be conducted with the intent of generating a profit.

When determining whether an activity counts towards the TWO-fundraiser limit, the INTENT in conducting the event must be analyzed. Is the dance/sock hop being held specifically to raise funds or is the charge for admission simply to cover costs for a campus- wide activity?

Crowd Funding/On-line Donation Sites

Whether conducting a traditional fundraiser or seeking donations through the use of an on-line fundraising site, all district fundraising procedures are to be followed. When funds are raised for the benefit of the district, those funds must flow through either the district or an approved organization (PTA, Booster Club, etc.). In addition to the other procedures required by this manual, the following procedures shall be adhered to when conducting a fundraiser via an on-line donation site that uses connections to LISD to raise funds/products.

1. The individual seeking funds completes the Fundraiser Approval Form. The campus principal reviews and approves the campaign for appropriateness, ensures the campaign meets goals and objectives as it relates to the Campus Improvement Plan, and oversees the campaign.
2. The fundraiser is established in compliance with the following requirements:
 - a. Include the district, campus, and teacher name on project website
 - b. Set a project deadline of 45 days or less
 - c. Provide information to donors regarding service fees to be deducted from their on-line donation
 - d. Follow district purchasing requirements when using funds collected
 - e. Ensure technology items meet district technology requirements
 - f. Understand items with a per unit cost \geq \$5000 are to be tagged as a fixed asset
 - g. Be sure that donations received and items purchased from donations for the campus remain on that campus
 - h. Ensure donations are safeguarded at time of delivery
 - i. Satisfy other requirements by online site. For example: letters or photos showing project completion; payment of shipping costs, copyright requirements, etc. (No photos of students should be used.)

Individuals seeking funds via an on-line fundraising site may **NOT**:

1. Withdraw funds into personal banking accounts (funds should be requested from the site via a paper check)
2. Transfer donations from campus to campus
3. Ask for donated items to be mailed to employee homes
4. Seek funding for personal reasons, individuals, political reasons, or start-up businesses using a connection to LISD
5. List fundraising for a charity (i.e. Red Cross fundraising for a local natural disaster) unless approved by the Superintendent or designee
6. Pressure parents, students, or others to make donations to the site

Fundraising

Prior to initiating any sales from a fundraiser, the sponsor/campus must receive approval to conduct the fundraiser. Failure to secure approval for a fundraiser and/or submit a final accounting of the fundraiser may lead to restrictions on future fundraisers.

1. The campus principal should pre-approve all fundraisers. The sponsor should complete a Fundraiser Approval Form for submission to the principal for approval. The Form is then submitted to Central Office for final approval. Upon approval, the sponsor will receive a copy of the approved form.
 - a. The Fundraiser Approval Form shall be submitted at least two weeks prior to but no later than September 27 for all fall fundraising events and February 13 for all spring fundraising events.
2. Once approval has been received for the fundraiser, the sponsor must enter a requisition to the vendor for the items to be sold. This is not required for fundraisers involving events or performances.
3. Sponsor responsibilities:
 - a. The sponsor is responsible for maintaining accurate records of all sales activities and accounting for all items purchased from vendors for resale.
 - b. Sponsors should take care to select a reputable company for the purchase of fundraising materials. In addition, the sponsor should maintain a good relationship with district vendors by submitting bills to the campus bookkeeper/secretary for payment in a timely manner.
 - c. Sponsors must keep control of the merchandise and money. Both should be secured at all times.
 - d. Sponsors should keep accurate records of purchased items and funds received, collect all money due to the activity account, and keep a detailed list of any amounts due from students. Sales details should be turned in to the campus secretary/bookkeeper daily with all funds collected. The principal should be notified if student obligations are not paid.
4. Raffles are not allowable fundraisers for school district or activity fund clubs. Attorney General opinion No. JM-1176 states that independent school districts and their related activity fund accounts are not qualified to hold charitable raffles.

Cash Handling Procedures

Control Procedures for Funds

The principal, teachers, and clerical staff are placed in a position of extraordinary trust by parents and students when student funds are placed in their care. Adequate measures to control these funds will assure parents and students that the funds are being handled properly. It is for the purpose of providing this assurance and protection that Activity Fund control procedures have been established.

Depositing Funds Collected

All money collected by club sponsors, fundraiser sponsors, teachers, secretaries, or principals should be deposited in the district bank account on the day it is collected. If funds cannot be deposited, they should be turned in to the principal's office for placement in a safe until the deposit can be made. All funds shall be deposited within three days.

Under no circumstances should collected funds be kept in a desk, classroom, purse, other unsecured location, or a personal bank account.

Expenses CANNOT be taken out of cash receipts before deposited. Total funds collected are to be deposited with requests for payment to be prepared in spending funds.

- ~~1. Checks should be made payable to Lumberton Independent School District. All checks should be endorsed upon receipt ("For Deposit Only").~~ **Checks no longer accepted**
- Each deposit slip must contain the following information:
 - The date and the amount of the deposit.
 - The name of the group the deposit belongs to as well as the group's account code.
 - A brief description of the revenue source (i.e. candle sales, candy sales, T- shirt sales, etc.) should be listed. Include the group name and account number.
- When depositing large amounts of cash, it is recommended that the person making the deposit remain with the teller until the transaction is verified. This will prevent any discrepancies that may arise in calculated totals.
- Deposits are made using the three-part deposit slip. All three parts are taken with the money to the bank. After verification by the bank, the YELLOW copy shall be sent to the Business Office. The bank keeps the WHITE copy and the front office keeps the PINK copy.

All money collected must be submitted in the same form as collected. A staff member is not to substitute his/her personal check for cash collected. No personal checks are to be cashed from the funds collected.

Sponsors are not to take money home, leave it unsecured in a classroom, or deposit into a personal account.

Payments from Activity Funds

Funds may not be disbursed without the written authorization of the principal. Club accounts must be used for the intended purpose stated at the time the account was created. The principal must ensure that expenditures or transfers from those accounts are within the intended purpose and cannot divert funds for other uses.

1. No expenditures shall be approved by the principal unless sufficient funds are available in the appropriate Student Activity Fund account unless funds are anticipated in the very near future.
2. Purchases from activity funds should be made via the requisitioning system. If the campus receives the vendor invoice, the invoice should be forwarded to the Business Office for payment. Campus activity funds are subject to state bid laws.
3. All invoices should be submitted to the Business Office for payment in a timely manner. Any disputes over billing should be brought to the attention of the Business Office.
4. Activity Funds shall not be used for any purpose that represents an accommodation, loan, or credit to district employees or others. Post-dated checks may not be cashed for anyone. School Board Trustees, employees, or others may not make purchases through the Activity Fund in order to take advantage of student body or district purchasing privileges or credit capacity.

Allowable Expenditures

The principal shall use discretion in expending funds in accord with the stated basic purpose of the various funds. The collecting and expending of Campus Funds should have as its basic purpose the promotion of the general welfare of the school and the education, development and morale of all the school's students. Activity Funds must be expended to benefit the student body and have a public purpose in the realm of education.

The collecting and expending of Student Activity Funds should be in accordance with the stated purpose of the particular funds. Within this purpose, funds should be expended to benefit the group that is responsible for producing them.

1. Funds resulting from school-wide fundraisers and vending machines located in student areas must be expended to benefit the general student body. These expenditures may include supplies, equipment or activities.
2. Funds resulting from fund-raisers held by a specific club or other group should be expended to benefit the members of the club or other group and in accordance with the stated purpose of the club or group.
3. Donations from student club funds are permissible provided that the club sponsor and members approve the donation. (*See LISD Parameters for Charitable Organizations on Page 8.*)

4. Funds raised in the school's name by the student body or student groups may not be used to purchase gifts for **school personnel**.
5. Funds raised in the school's name may not be used to pay cash awards or to buy cash prizes for individuals. For example: Gift cards, cash awards or prizes including currency, checks, savings bonds, money orders, or any other medium that can be readily converted to cash.

State and Local Sales Taxes

Exemption from imposition of sales tax on an organization's purchases does not relieve it from the obligation of collecting sales tax on its sales. An exempt organization (such as a school district), which sells taxable items, is responsible for collecting and remitting tax on all sales of taxable items made by the organization unless such sales are otherwise exempt from the tax.

Educational organizations that qualify for exemption under the Texas State Tax Code and are classified by the IRS as 501 (c)(3), (4), (8), (10), or (19), and each chapter of the organization, may hold **two, one-day tax-free sales during a calendar year**.

One-day tax free day defined: a twenty-four hour period when the sale actually occurs or the delivery of the items that were sold.

1. If items are sold after this twenty-four hour period, sales tax must be collected from the purchaser for these items.
2. The school/campus and each student activity club are considered to be separate entities and each is allowed two, one-day tax-free sales during a calendar year.
3. Teachers and students must collect the sales tax on merchandise (other than food products) they sell. If the school assumes responsibility for the activity and/or sales, the school is responsible for insuring the tax is paid. The school may purchase items tax free and must collect the tax when the items are sold even if a profit was not made.
4. It is the responsibility of the individual school to maintain accurate records as to when the tax-free sales days are held, including the name of the organization and date of sale. The Finance Office will not maintain records containing this information.
5. The sale of food, including candy and soft drinks, is exempt from the sales tax when sold by an organization associated with a public or non-profit private elementary or secondary school, if:
6. The sale is part of a fundraising drive sponsored by the organization; and
7. All net proceeds from the sale go to the organization for its exclusive use.

Frequently Asked Questions

What Makes An Activity A Fundraiser?

The activity is a fundraiser when there is a collection of money for goods with the INTENT to raise funds (passbook, cookie dough, etc.), services (car wash), or event (play, concert, dance, etc.). A fundraiser may make a profit, break even, or lose money. While all fundraisers should be held with the intent to raise money, the activity may result in a loss of money when the costs exceed the revenues generated. **Fundraisers must be conducted with the intent of generating profit.**

Who Can Conduct A Fundraiser?

Campus

Yes, a campus may have a fundraiser to benefit the campus, staff and students. The campus should not have a fundraiser for the sole purpose of accumulating funds in its campus activity account. Fundraising projects should not be used to fund curriculum-related activities. Campus fundraising projects should be organized, controlled, supervised and performed by district staff and not by PTA/Booster Clubs or other individuals. **Each campus is limited to TWO school-wide fundraisers involving students selling items per year.**

Student Organizations

Yes, but the student organization must have a student activity account established. Student organization fundraisers should be organized by the student club; controlled and supervised by the sponsor; and performed by the student club. **Each school sponsored clubs and organization is limited to TWO fundraisers per group per year.**

What Kind Of Fundraisers Are Prohibited?

(Reference Board Policies: FJ-LEGAL, FJ-LOCAL, GE -LEGAL, GE-LOCAL)

- Charitable Raffles: The district is not a qualified nonprofit organization and shall not sponsor or conduct raffles.
- The district prohibits any funds to be generate from the sale of firearms, tobacco, or alcohol.
- Curriculum-Based: A fundraiser should not be held to underwrite the cost of supplies or materials for a curriculum function. Fundraising activities shall not interfere with the instructional program or time.
- Students may participate in charitable institution or community drives on a strictly voluntary basis and shall not disrupt the regular school day.

- Outside Organizations: Outside organizations may not solicit contributions of any type from students within the schools.

Can A Fundraiser Be Held To Donate To A Charitable Organization?

Student Organizations: Yes, a student-initiated fundraiser may be approved by the student group as a community service project. The charitable organization should be thoroughly checked before the organization is adopted and should ensure they are a 501 (c)(3) organization. **The number of charities to be supported is limited to TWO per campus per year.**

Campus: A campus may NOT donate to a charitable organization using campus activity funds unless the fundraiser was conducted specifically for the charitable organization. **The number of charities to be supported is limited to TWO per campus per year.**

What Are The First Steps In Having A Fundraiser?

All fundraising projects must first be PRE-APPROVED by the principal and receive final approval from district administration. The Fundraiser Approval Form shall be submitted at least two weeks prior to but no later than September 27 for all fall fundraising events and February 13 for all spring fundraising events.

What Other Fundraising Guidelines Must Be Followed?

Once the fundraiser has been approved and a vendor has been selected, a requisition is to be submitted for any items that need to be ordered.

- Materials/supplies **may not** be ordered without an approved purchase order.
- Once materials/supplies are received, an inventory must be taken (how many were ordered, received, how many were sold, returned, lost or damaged). What is the unit selling price?
- Maintain complete and accurate records of all funds received.
- All funds must be counted and verified by two people and documented.
- ~~All checks are to be made out to Lumberton ISD.~~ **Checks no longer accepted**
- Deposits should be made as often as possible with no significant time lag between receipt of monies and the time it is turned in for deposit, usually within one to two days.